

Meantime the shares of the *Compagnie d'Occident* were undergoing a remarkable experience. They were sold rather slowly at first and the principal subscription was by the former stockholders of the bank, who subscribed their receipts from the bank shares (1,125,000 livres in bills of state and 375,000 livres in specie) for the stock of the new company. Law found it necessary, in order to stimulate the sale of the shares, to buy publicly some two hundred shares at par, of which 200 livres per share was paid as a margin, with the option of completing the transaction in six months. Dealing in options (*marché à prime*) was thus brought into general practice for the first time in France. The making of the contracts for the tobacco monopoly, the extension of the commercial operations of the company and the wresting of the farming of the revenues from the Paris brothers, who had formerly controlled it, gave a great stimulus to the market value of the stock, and Law was authorized to issue fifty thousand new shares at a premium of one hundred per cent., to pay the government the sum guaranteed by the new contracts. The value of the old shares was maintained by requiring their presentation to obtain the new ones. The original issue thus came to be known as the "mothers" (*meres*) of the second, which were called the "daughters" (*filles*), while the third issue was known as the "granddaughters" (*petites-filles*). The contract with the government for assuming the entire public debt upon a pledge by the state to pay annually three per cent, interest was authorized October 12, 1719, and the payment of the interest was assured to the company by its contract for collecting the revenues. Three successive issues of one hundred thousand shares in the *Compagnie des Indes*<sup>1</sup> were thought necessary to carry through this gigantic operation. The new shares were of a par value of 500 livres each but were issued at a price of

<sup>1</sup> The name of the *Compagnie d'Occident* was changed to the *Compagnie des Indes* in May, 1719, when the privileges of the two companies of the West Indies and of China were absorbed by Law's Company, and the new name was retained until the dissolution of the company in 1769.—Courtois, 20.